

In the passage of the Loan Bill through the House its amount was reduced from £1,500,000, the amount proposed by the Government, to £1,325,000, the amount excised being votes for particular railways which the House was unwilling should be proceeded with at present.

The requisite authorities for raising the loan are being sent to you separately by the mail which conveys this letter.

I estimate that we shall require a considerable sum by October, and it is for you to consider whether it will be better to bring out the loan then, or put off launching it until November, and in the meanwhile borrow what moneys may be required on short-dated debentures.

Under "The District Railways Purchasing Act 1885 Extension and Amendment Act, 1886" (copies of which are enclosed), power is given to the Government to convert into inscribed stock debentures issued under it or under the District Railways Purchasing Act of 1885 (copies of which I also enclose). It is proposed to send you by first opportunity some £200,000 of debentures issued under these Acts, at present held by the Post Office, with the requisite authority to convert them into inscribed stock in case you may think it advisable to offer £175,000 of such inscribed stock to make up the million and a half for which the market is prepared. It may be that you will prefer dealing with them privately, though, in accordance with the opinion you expressed on a former occasion, and with which I am inclined to agree, you will probably prefer acting with the full knowledge of the market. I leave you full discretion to act as you may judge best.

If you should decide against including the District Railway debentures or their equivalent in stock with the new loan, you might still make up the million and a half by selling £175,000 of the North Island Trunk Railway Loan; but I should prefer the District Railway debentures being sold.

If in negotiating the loan the payment of instalments should be thrown forward, I think it would be desirable that the scrip should bear interest from the dates of payment of instalments, and inscription not commence until May, 1887.

The New Zealand Loan and Stock Agents, London.

I have, &c.,

JULIUS VOGEL.

No. 7.

The COLONIAL TREASURER to the LOAN and STOCK AGENTS.

GENTLEMEN,—

Treasury, Wellington, 14th August, 1886.

I have the honour to enclose herewith an Order in Council authorizing the raising of £1,325,000 under "The New Zealand Loan Act, 1886," and appointing you to be Agents for the purpose; also another Order in Council under the same Act, authorizing you to raise the amount of the loan by short-dated debentures, together with copies of the Act.

I shall communicate with you either by separate letter or by cable as to the wishes of the Government regarding the negotiation of the loan.

I have, &c.,

Sir Penrose Goodchild Julyan, K.C.M.G., C.B.,

JULIUS VOGEL.

Sir Francis Dillon Bell, K.C.M.G., C.B.,

Loan and Stock Agents for New Zealand, London.

Enclosure 1 in No. 7.

WM. F. DRUMMOND JERVOIS, Governor.

ORDER IN COUNCIL.

At the Government House, at Wellington, this fourteenth day of August, 1886.

Present: HIS EXCELLENCY THE GOVERNOR IN COUNCIL.

WHEREAS by "The New Zealand Loan Act, 1886" (hereinafter called "the said Act"), it is, among other things, enacted that it shall be lawful for the Governor in Council to appoint any two or more persons he may think fit to be Agents for the purpose of raising and managing the loan thereby authorized to be raised, with all such powers as may be necessary to carry into effect the purposes thereof, and in their appointments to define the relative powers of such Agents, and that such Agents shall have full power and authority to borrow and raise in Great Britain or elsewhere by bonds, debentures, scrip, or by the issue of inscribed stock under "The New Zealand Consolidated Stock Act, 1877," or otherwise, such sum or sums not exceeding one million three hundred and twenty-five thousand pounds sterling in the whole, as the Governor in Council may from time to time or at any time direct and determine, for all or any of the purposes expressed in the schedule thereto, or the payment or repurchase of short-dated debentures issued under the said Act, or any other purposes authorized thereby: And whereas it is expedient that the said loan so authorized to be raised should be raised under the said Act for the purposes therein mentioned, and that Agents should be appointed for the purpose as hereinafter provided:

Now, therefore, His Excellency the Governor of the Colony of New Zealand, in exercise and pursuance of the powers and authorities vested in him by the said in part recited Act, and by and with the advice and consent of the Executive Council of the said colony, doth hereby direct and determine that the sum of one million three hundred and twenty-five thousand pounds sterling shall be borrowed and raised under the provisions of the said Act: And in further exercise and pursuance of the powers and authorities aforesaid, and with the like advice and consent as aforesaid, His said Excellency doth hereby appoint Sir Penrose Goodchild Julyan, a Knight Commander of the Most Distinguished Order of Saint Michael and Saint George, and a Companion of the Most Honourable Order of the Bath, and Sir Francis Dillon Bell, a Knight Commander of the Most Distinguished Order of Saint Michael and Saint George, and a Companion of the Most Honourable Order of the Bath, the Agent-General for the Colony of New Zealand, to be Agents for the purpose of raising and managing the said loan hereby ordered and determined to be raised; with full power and authority to such Agents to borrow and raise by bonds, debentures, scrip, or otherwise the said sum of one million three hundred and twenty-five thousand pounds sterling as aforesaid, and with full power and authority to such Agents to prescribe the mode and conditions of the repayment of such sum, and the time of such repayment, subject to the provisions of the said Act, the rate of interest thereon, and the time and place or places when and where such principal and interest shall be made payable, and with full power and authority to such Agents to agree as often as occasion may require that debentures issued by them shall be converted into stock created or issued under "The New Zealand Consolidated Stock Act, 1877," and any Act amending the same, and may either specify the terms of such conversion, or arrange that such terms shall be subsequently agreed upon; and also with